



ENERGY ASSURANCE DAILY

Wednesday Evening, June 30, 2010

Major Developments

Tropical Storm/Hurricane Alex Forces Offline 421,350 b/d of Oil Production, 919 MMcf/d of Natural Gas Output in Gulf of Mexico by June 30

Tropical Storm Alex strengthened to Hurricane Alex by late on June 29, and the National Hurricane Center issued hurricane warnings for the Texas coast south of Baffin Bay to the mouth of the Rio Grande and the Mexican coast from the mouth of the Rio Grande to La Cruz. The storm was expected to make landfall in those areas later today, June 30. Companies had shut in 421,350 b/d of oil production and 919 MMcf/d of natural gas production by June 30, the Bureau of Ocean Energy Management, Regulation, and Enforcement said in a release. That represented about 26.33 percent of the Gulf's oil production and approximately 14.36 percent of its natural gas output.

Companies had evacuated personnel from 74 production platforms by 11:30 AM CST on June 30. That figure represented just 11.7 percent of the 634 manned platforms in the Gulf of Mexico. Workers were also evacuated from eight rigs. Individual companies reported numerous impacts:

- BP was returning personnel to its Atlantis, Holstein, Mad Dog, and Thunder Horse platforms in the Gulf of Mexico on June 29, citing the storm's passage, Reuters reported. Industry sources said BP had taken offline approximately 200,000 b/d of oil production ahead of the storm.
- ConocoPhillips halted 10,000 boe/d of oil production – net to the company – from its Magnolia platform in the Gulf of Mexico by June 29, the company and Reuters said on June 29.
- Exxon Mobil Corporation evacuated workers and took offline approximately 10,000 b/d of liquids output and 146 MMcf/d of natural gas production in the Gulf of Mexico ahead of the storm, it said on June 29.
- Marathon Oil Corp said on June 28 that it was evacuating workers and halting production at its Ewing Banks platform offshore Louisiana. The platform produces 9,700 b/d of oil and 8.2 MMcf/d of natural gas.
- Chevron evacuated some personnel and shut in some output in the Gulf of Mexico, the company said on June 29.
- Shell evacuated and halted production from its Perdido platform, a spokesman said on June 29. The platform can yield up to 100,000 b/d oil and 20 MMcf/d natural gas. The spokesman said Shell had taken offline all of its assets in the western Gulf of Mexico.
- Anadarko evacuated workers and shut in four deepwater facilities in the Gulf of Mexico, the company said on June 30.

<http://www.mms.gov/ooc/press/2010/press0629.htm>

<http://www.mms.gov/ooc/press/2010/press0630.htm>

http://www.nhc.noaa.gov/archive/2010/al01/al01_2010_public.020.shtml?

http://www.rigzone.com/news/article.asp?a_id=95322

Reuters, 16:42 June 29, 2010

Reuters, 16:00 June 29, 2010

Reuters, 13:26 June 29, 2010

Reuters, 15:30 June 29, 2010

Reuters, 19:20 June 29, 2010

Reuters, 11:44 June 30, 2010

Reuters, 07:30 June 30, 2010

Reuters, 17:26 June 28, 2010

Hurricane Alex Forces Shut Houston Ship Channel and LOOP June 29-30

Ship pilots stopped traffic along the Houston Ship Channel due to Hurricane Alex, the U.S. Coast Guard said on June 30, and the Louisiana Offshore Oil Port (LOOP) halted operations on June 29 due to the storm, a port spokeswoman said. The LOOP spokeswoman did not expect the shutdown to impact customers; she said shipments would proceed via onshore storage.

Reuters, 08:52 June 30, 2010

Reuters, 19:26 June 29, 2010

Update: Mexico Reopens Oil Ports in Gulf of Mexico as Hurricane Alex Moves North June 30

Mexico reopened its 1,006,000 b/d Cayo Arcas oil port and its 113,000 b/d Dos Bocas oil port in the Gulf of Mexico on June 30, the government said. The ports went offline on June 27.

Reuters, 11:09 June 30, 2010

Update: BP Recovers About 25,220 Barrels of Oil at Site of Blown-Out Well in Gulf of Mexico June 29

BP collected 17,025 barrels of oil, flared an additional 8,195 barrels of oil, and flared about 57.4 million cubic feet of natural gas on June 29 via the dual recovery system at the blown-out MC252 well in the Gulf of Mexico, the company said on its website.

<http://www.bp.com/extendedsectiongenericarticle.do?categoryId=40&contentId=7061813>

Update: Hurricane Alex Stalls Oil Skimming and Booming Work Offshore Louisiana, Alabama, and Florida June 30

High waves and heavy winds stalled oil skimming and booming efforts offshore Louisiana, Alabama, and Florida related to the clean-up from the oil spill in the Gulf of Mexico. The storm's eye, however, was far away from the site of the blown-out MC252 well.

http://www.rigzone.com/news/article.asp?a_id=95322

EPA Releases First Round of Toxicity Testing Data for Eight Oil Dispersants June 30

The U.S. Environmental Protection Agency (EPA) today released peer reviewed results from the first round of its own independent toxicity testing on eight oil dispersants. EPA conducted testing to ensure that decisions about ongoing dispersant use in the Gulf of Mexico continue to be grounded in the best available science. EPA's results indicated that none of the eight dispersants tested, including the product in use in the gulf, displayed biologically significant endocrine disrupting activity.

<http://yosemite.epa.gov/opa/admpress.nsf/0/2B73EE902B54E4F585257752006591FD>

Electricity

Progress Energy Reports 34,104 Customers without Power in North Carolina June 29

Fewer than 200 customers were without power, as of latest reports.

<http://progress-energy.com/shared/outages/car/default.aspx>

Update: Exelon's 1,134 MW Limerick Nuclear Unit 1 in Pennsylvania at Full Power by June 30

Operators shut the unit on June 23 due to the "loss of both reactor recirculation pumps," the company said in a previous filing with the Nuclear Regulatory Commission (NRC). The NRC reported that on the morning of June 29 the unit was operating at 86 percent.

<http://www.nrc.gov/reading-rm/doc-collections/event-status/event/2010/20100624en.html>

Information also derived from the NRC Power Reactor Status Reports:

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2010/>

Update: Progress Energy's 872 MW Brunswick Nuclear Unit 1 in North Carolina Ramped Up to 99 Percent by June 30

The Nuclear Regulatory Commission reported that on the morning of June 29 the unit was operating at 74 percent. Information derived from the NRC Power Reactor Status Reports:

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2010/>

Update: FPL's 839 MW Saint Lucie Nuclear Unit 1 in Florida Ramped Up to 81 Percent by June 30

Operators shut the unit on June 16 "after two control rods dropped," the company said in a previous filing with the Nuclear Regulatory Commission (NRC). The NRC reported that on the morning of June 29 the unit was operating at 49 percent.

<http://www.nrc.gov/reading-rm/doc-collections/event-status/event/2010/20100617en.html>

Information also derived from the NRC Power Reactor Status Reports:

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2010/>

Update: FirstEnergy's 882 MW Davis-Besse Nuclear Unit in Ohio Ramped Up to 65 Percent by June 30

The company shut the unit for refueling in late February. During the outage, it identified small cracks in 24 of 69 reactor head control rod drive mechanism nozzles. It completed modifications to those nozzles earlier this month. The Nuclear Regulatory Commission reported that on the morning of June 29 the unit was operating at 18 percent.

<http://www.firstenergycorp.com/NewsReleases/2010-06-29%20Davis-Besse%20Returning%20To%20Service.pdf>

[http://www.firstenergycorp.com/NewsReleases/2010-06-](http://www.firstenergycorp.com/NewsReleases/2010-06-04%20DavisBesse%20Reactor%20Head%20Nozzle%20Modifications%20Com.pdf)

[04%20DavisBesse%20Reactor%20Head%20Nozzle%20Modifications%20Com.pdf](http://www.firstenergycorp.com/NewsReleases/2010-06-04%20DavisBesse%20Reactor%20Head%20Nozzle%20Modifications%20Com.pdf)

Information also derived from the NRC Power Reactor Status Reports:

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2010/>

Update: Dynegy's 335 MW El Segundo Gas-Fired Unit 4 in California Returns to Service by June 29

According to the California Independent System Operator, the unit reported a return from an unplanned outage.

<http://www.caiso.com/unitstatus/data/unitstatus201006291515.html>

Update: Cabrillo Power's 300 MW Encina Gas-Fired Unit 4 in California Returns to Service by June 29

According to the California Independent System Operator, the unit reported a return from an unplanned outage.

<http://www.caiso.com/unitstatus/data/unitstatus201006291515.html>

Calpine's 561 MW Los Medanos Energy Center Gas-Fired Unit in California Reduced by June 29

According to the California Independent System Operator, the unit reported an unplanned curtailment of 297 MW by June 29.

<http://www.caiso.com/unitstatus/data/unitstatus201006291515.html>

Pacific Blue Energy Plans 150 MW Solar Power Farm in Arizona

Pacific Blue Energy Corp. has secured the option to buy 807 acres of solar energy-zoned land in Gila Bend, Arizona, and aims to construct a 150 MW solar power farm on the site, it said on June 30.

<http://www.prnewswire.com/news-releases/pacific-blue-energy-corp-secures-purchase-option-for-ideal-eight-hundred-acre-solar-energy-site-in-gila-bend-arizona-97464449.html>

Petroleum

Update: TransCanada to Begin Commercial Deliveries along 435,000 b/d, Canada-to-U.S. Midwest Keystone Oil Pipeline June 30

TransCanada expected to begin commercial deliveries on June 30 along its 435,000 b/d, Canada-to-U.S. Midwest Keystone oil pipeline, it said in a press release. In Canada, the company converted about 537 miles of existing natural gas pipeline in Saskatchewan and Manitoba to transport crude oil, constructed about 232 miles of new 30-inch diameter pipeline, and installed 16 pump stations and a new terminal. In the United States, it constructed 1,084 miles of new, 30-inch pipeline in North Dakota, South Dakota, Nebraska, Kansas, Missouri, and Illinois. It also installed 23 pump stations and delivery facilities in Illinois. TransCanada plans to open the project's second phase in the first quarter of 2011; that will extend the line to Oklahoma and expand its capacity to 591,000 b/d. The company's Keystone Gulf Coast Expansion project would increase the system's capacity to about 1.1 million b/d. That project would involve a 1,661-mile, 36-inch oil pipeline from Alberta, Canada to Texas. It would incorporate the portion of the Keystone Pipeline that is currently under construction through Kansas to Cushing, Oklahoma.

<http://www.transcanada.com/5407.html>

Power Failure Shuts Suncor's 135,000 b/d Edmonton, Alberta Refinery June 29

A power failure forced offline Suncor Energy's 135,000 b/d Edmonton, Alberta refinery late on June 29. It was not clear when the facility might resume normal production.

Reuters, 09:43 June 30, 2010

Natural Gas

Explosion Injures Three and Forces Enogex to Shut Natural Gas Pipeline in Oklahoma

Enogex shut a natural gas gathering pipeline near Pocossett, Oklahoma after an explosion along the line injured three workers. A worker was purging moisture from the line at the time of the incident. The subsequent fire had been controlled, as of latest reports. News sources conflicted as to the size of the affected pipeline; one source referred to it as a 24-inch line, but another source called it a 20-inch line.

http://www.newsok.com/3-workers-injured-in-pipeline-blast/article/3472423?custom_click=pod_lead_energy

Reuters, 15:51 June 29, 2010

Enterprise Products Partners Plans Multiple Natural Gas and NGL Projects in Eagle Ford Shale, Texas

Enterprise Products Partners L.P. announced multiple construction projects to extend and expand its natural gas and natural gas liquids (NGL) infrastructure in South Texas and Mont Belvieu, Texas and accommodate increasing production in the Eagle Ford Shale. The company plans to:

- Expand its Eagle Ford Shale east-west rich gas mainline in three phases. It expects the first phase to involve 26 miles of 24-inch pipeline, and the second and third phases to include a combined 142 miles of 30-inch and 36-inch pipelines. The project will boost the system's capacity to more than 600 MMcf/d, and extend its length to approximately 300 miles;
- Construct a new natural gas complex at the east end of the Eagle Ford mainline. The complex will include multiple processing trains designed for deep ethane recovery and production of mixed NGLs in excess of 60,000 b/d. Enterprise expects to complete the projects in early 2012;
- Build a 64-mile, 30-inch residue gas line from the above-mentioned cryogenic facility to its Wilson natural gas storage facility in Wharton County, Texas;
- Increase capacity at its Wilson natural gas storage facility by 5 Bcf;
- Construct a 127-mile, 12-inch pipeline to deliver mixed NGLs from the above-mentioned processing facility to the Mont Belvieu complex. The pipeline will have initial capacity of more than 60,000 b/d, but will be expandable to over 120,000 b/d. Enterprise expects to complete the project in early 2012; and
- Build a fifth 75,000 b/d NGL fractionator at the Mont Belvieu complex. It plans to complete a fourth fractionation train by the end of 2010, at which time the Mont Belvieu complex will have capacity in excess of 300,000 b/d. The addition of the fifth unit, expected in early 2012, will boost that total to approximately 375,000 b/d.

The company also said it had completed an expansion at its Shoup natural gas processing and fractionation facility in Nueces County, Texas. Through modifications, it increased the site's NGL capacity to 77,000 b/d.

<http://phx.corporate-ir.net/phoenix.zhtml?c=80547&p=irol-newsArticle&id=1442812&highlight=>

Other News

Fire Damages Massey Energy's Zigmond Coal Processing Plant in West Virginia June 29

A fire damaged Massey Energy's under-construction Zigmond coal processing plant in Logan County, West Virginia on June 29, the company said. The facility is slated to replace the Bandmill processing plant, which was destroyed by fire in August of 2009. Massey expects the Zigmond plant to be fully operational by December 1, 2010. It had previously expected the facility to be fully operational by mid-September 2010. It plans to begin deliveries from the direct ship loadout during the first half of August 2010, and does not expect the incident to have any impact on its projected shipments.

<http://phx.corporate-ir.net/phoenix.zhtml?c=102864&p=irol-newsArticle&ID=1443057&highlight=>

Energy Prices

U.S. Oil and Gas Prices June 30, 2010			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	74.71	75.50	69.22
NATURAL GAS Henry Hub \$/Million Btu	4.68	4.87	3.83

Source: Reuters

Energy Notes

Smart Meters Not Capable of Cutting Residential Power Use or Significantly Reducing Consumer Bills: ACEEE Study

<http://www.aceee.org/press/e105pr.htm>

Update: NRC Legal Panel Says DOE Cannot "Single-Handedly Derail" Yucca Mountain Nuclear Storage Project in Nevada - Panel Says Congress Directed DOE to File Application and NRC to Review

<http://www.thenewstribune.com/2010/06/30/1246980/nuclear-waste-dump-continues.html>

NRG to Construct 20 MW Photovoltaic Solar Plant in Santa Teresa, New Mexico - Company Had Planned to Construct 92 MW Solar Thermal Power Facility, but Was Unable to Receive Federal Loan Guarantees in Time

http://www.elpasotimes.com/ci_15396679?source=most_email

SunE Sky Plans Two Solar PV Parks and Combined 18 MW of Power Generation in Norfolk County, Ontario

<http://www.prnewswire.com/news-releases/minister-of-energy-and-infrastructure-brad-duguids-visit-to-sune-sky-solar-park-in-norfolk-county-ontario-underscores-the-provinces-commitment-to-green-energy-jobs-and-investment-97468799.html>

Citing Recent Deaths of Two Apparent Copper Thieves, AEP Ohio Urges Customers and Public to Report Suspicious Activity near Electrical Facilities

<https://www.aepohio.com/info/news/viewRelease.aspx?releaseID=873>

Fuel Tanker Crashes into Dump Truck, Triggering Fire along Route 9W in New York – Tanker Contained Approximately 3,000 Gallons of Gasoline at Time of Incident

<http://www.recordonline.com/apps/pbcs.dll/article?AID=/20100629/NEWS/100629768/-1/NEWS>

After CRYO Unit Work, Operators to Restart Waha Gas Plant in Texas June 30 – July 1

<http://www11.tceq.state.tx.us/oce/eeer/index.cfm?fuseaction=main.getDetails&target=141348>

Acid Gas Compressor Shuts at Sand Hills Gas Plant in Texas June 29

<http://www11.tceq.state.tx.us/oce/eeer/index.cfm?fuseaction=main.getDetails&target=141746>

Storm Causes Sulfur Reaction Furnace Shutdown at Fullerton Gas Plant in Texas June 29

<http://www11.tceq.state.tx.us/oce/eeer/index.cfm?fuseaction=main.getDetails&target=141785>

Storms Lead to Compressor Shutdowns and Flaring at Waddell Compressor Station in Texas June 29

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=141783>

Update: Irving Oil Abandons 2,200 b/d Biodiesel Refinery Project in Saint John, Canada

<http://www.cbc.ca/canada/new-brunswick/story/2010/06/30/nb-irving-oil-biodiesel-refinery-558.html>

Links

This Week in Petroleum from the Energy Information Administration (EIA)

<http://tonto.eia.doe.gov/oog/info/twip/twip.asp>

Updated every Wednesday.

Weekly Petroleum Status Report from EIA

http://www.eia.doe.gov/oil_gas/petroleum/data_publications/weekly_petroleum_status_report/wpsr.html

Updated after 10:30 AM & 1:00 PM EST every Wednesday.

Natural Gas Weekly Update from EIA

<http://tonto.eia.doe.gov/oog/info/ngw/ngupdate.asp>

Updated after 2:00 PM EST every Thursday.

ENERGY ASSURANCE DAILY

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<http://www.oe.netl.doe.gov/ead.aspx>

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